

**U.S. Ambassador's Remarks at  
American Chamber of Commerce Inaugural Event  
Wednesday, April 6, 2005 at 8:20 am  
Sheraton Hotel, Manama**

OPENING

Mr. Ali Radhi, Assistant Undersecretary for Domestic Trade, Dr. Essam Fakhro of the Bahrain Chamber of Commerce and Industry, Mr. Samir Benmahklouf, AmCham President, AmCham members, distinguished guests. It is my great honor to be here today to welcome you to this first official event sponsored by the newly established and accredited American Chamber of Commerce in Bahrain. As strong supporters of the American business community in Bahrain, we at the Embassy are delighted to be here for this occasion. We look forward to many more Amcham-sponsored events in the coming months and years.

As a career economic officer with the Department of State, I have had the pleasure of working with Amchams overseas for many years. I know from this experience that AmChams play an important role in promoting bilateral trade and investment, identifying obstacles to trade and investment and advocating solutions – both to host governments and to the United States Government. We at the Embassy very much look forward to working with the AmCham here in Bahrain to promote enhanced trade and investment relations.

FTA

The timing of the establishment of an Amcham in Bahrain couldn't be better, as it coincides with the signing and hopefully imminent ratification of our Free Trade Agreement with Bahrain. We expect the U.S. Congress to take up ratification soon. The U.S. elections, and the seating of a new Congress, unfortunately slowed down the ratification process a bit. But nothing should be read into this delay – I have heard nothing to suggest that ratification will not proceed smoothly.

The FTA with Bahrain is part of a regional initiative. In May 2003, President Bush described his vision of a Middle East Free Trade Area by 2013. We seek to build the MEFTA by establishing models in sub-regions of the Arab world, and to expand from there.

Bahrain is the model country in the Gulf region. It is the first country in the Gulf to sign an FTA with us, and only the third in the Arab world, after Jordan and Morocco.

Other GCC countries are eager to follow Bahrain's lead. We recently began FTA negotiations with UAE and Oman, and we look forward to strengthening our trade relations with Qatar, Kuwait, and Saudi Arabia.

Bahrain's commitment to free trade and open markets paved the way for agreement after only four months of negotiations, a record according to USTR. With the ratification and implementation of the FTA, we expect American interest in doing business in Bahrain to grow.

### WHAT DOES FTA MEAN FOR BILATERAL TRADE?

Upon implementation, the United States will immediately provide duty-free access to 100 percent of Bahrain's consumer, industrial, and agricultural exports to the United States, while Bahrain will provide duty-free treatment for all consumer and industrial and 98 percent of agricultural imports from the U.S. Bahrain will phase out tariffs on the remaining handful of products within ten years.

In practical terms, the FTA will have immediate short-term benefits for exporters, who will be able to take advantage of the elimination of tariffs. A good example is Bahrain's textile industry, which is facing new competition this year following the end of quotas under the Multi-Fiber Agreement. The elimination of tariffs will give a cost edge to textiles coming from Bahrain, and provide time for the industry to develop or evolve in the face of the new quota-free realities. Other manufacturers and investors will have a similar opportunity to look for areas where the elimination of tariffs – in the U.S. or in Bahrain – can give them a competitive advantage.

In addition to the tariff benefits that the FTA brings to manufacturers, it also offers benefits for service providers. Under the agreement, for example, each country must grant the same treatment to service providers that it gives to its own, and there are no requirements for a local presence or representation. In other words, barriers to entry by service providers will be eliminated.

But even more important than the practical, concrete benefits of a Free Trade Agreement, in my opinion, will be the positive boost that it will give to Bahrain as a place in which and from which to do business. The FTA, in effect, provides the U.S. "seal of approval" for Bahrain's economy. American companies will notice, and will want to take a look. They will assume that Bahrain has a positive investment climate.

With the FTA, Bahrain has an opportunity to establish itself as a true "Gateway to the Gulf." It has a strong financial system. It will soon have a new port. Its airport will be renovated. It is opening up its telecommunications sector to provide the services modern companies need. It is a nice place to bring a family and live. It should be an ideal location to serve the big markets in the region, including Saudi Arabia now and hopefully Iraq in the future. In short, there is real potential here – if companies take advantage of it.

### ROLE OF BUSINESS

And it is critical that we take full advantage of the FTA over the coming period. The UAE and Oman are already negotiating their own FTAs with the U.S. Once signed, they

will also attract the attention of American business. Until then, Bahrain has a window of opportunity. Hopefully, the positive publicity of the FTA will attract companies here. Already, I have been approached by American media outlets for interviews in conjunction with special reports they are doing on Bahrain because of the FTA.

The Government of Bahrain, I believe, will launch its own FTA publicity efforts, including possibly trade mission road shows to the U.S.

But in the end, it is the companies themselves that will make the difference. Bahraini companies, in particular, need to be aggressive and innovative in looking for ways to benefit from the FTA.

And the impending ratification of the FTA offers a unique opportunity for the newly-established Amcham. The timing is perfect. Amcham can benefit from the increased attention that will fall on Bahrain as a result of the FTA. And the FTA can benefit from the establishment of a strong advocate for and representative of U.S. business in Bahrain.

#### CLOSING

In closing, I want to congratulate the founding members of the Amcham for the time and effort you have taken to establish this new organization. I realize that you all have your “day jobs” with your own companies, and your effort to establish an Amcham has essentially been volunteer work for a worthy cause. And it is a worthy cause, as a strong Amcham makes an important contribution to the American business community as a whole, and the individual companies and individuals who participate in it. We at the Embassy look forward to working with you as you develop your programs and strengthen the institution. Thank you.